Industry Training Authority

2015/16
ANNUAL SERVICE PLAN REPORT

BRITISH
COLUMBIA

ita
YOUR TICKET.

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Board Chair's Message and Accountability Statement

The Industry Training Authority *2015/16 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *ITA Service Plan 2015/16 – 2017/18*.

I am accountable for those results as reported.

Gwyn Morgan, C.M.
Board Chair

Table of Contents

Board Chair's Message and Accountability Statement 3
Chair/CEO Report Letter 5
Purpose of the Organization 6
Strategic Direction and Context 6
Report on Performance 7
Goals, Strategies, Measures and Targets 7
Financial Report 15
Discussion of Results 15
Financial Resource Summary Table 16
Audited Financial Statements 17
Appendix A: Subsidiaries and Operating Segments 33
Appendix B: Additional Information 33
Appendix C: Crown Corporations Mandate and Actions Summary 34

Chair/CEO Report Letter

The Board and leadership of the Industry Training Authority (ITA) share a commitment to delivering on the direction outlined in ITA's 2015/16 Mandate Letter. We continue to build on the progress achieved since 2014 in implementing changes to align with *B.C.'s Skills for Jobs Blueprint (the Blueprint)* and the recommendations contained in the McDonald Report.[1]

Ensuring that The Taxpayer Accountability Principles are put into action across the organization is fundamental to this commitment. Over the past year, ITA has:

- Developed and implemented an engagement plan to increase communication and understanding between ITA and government. The plan establishes quarterly meetings, with standardized agendas focused on results and strategic decision making.
- Updated all orientation materials for new Board members and executive staff and confirmed that ITA's current Board and executives have reviewed the accountability framework and the Taxpayer Accountability Principles.
- Ensured that all Board members are signatories to the Mandate Letter, and that the Board and all ITA staff now annually review the Organizational Code of Conduct and Conflict of Interest Policy.
- The Board Chair communicates with the Minister on a scheduled basis and as required.
- The CEO and Deputy Minister hold bi-weekly meetings to ensure communications are current.
- The CEO attends bi-weekly meetings of the Labour Market Priorities Board.
- Both the Deputy Minister and Assistant Deputy Minister regularly attend ITA Board meetings.
- Minister Briefings by the CEO are held quarterly at the minimum to inform the Minister on Crown specific issues, priorities and actions.

The ITA continues to set aggressive targets to drive the apprenticeship system forward. Our focus is on creating a more responsive and effective trades training system for British Columbia.

Gwyn Morgan, C.M.
Board Chair

Gary Herman
Chief Executive Officer

[1] **McDonald, Jessica. (2014)** *The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance*.

Purpose of the Organization

The Industry Training Authority (ITA) is tasked with managing and supporting British Columbia's industry training and apprenticeship system to ensure that the Province's need for skilled workers is met.

Further responsibilities and authorities are defined in Part 3 of the *Industry Training Authority Act*. ITA's mandate and accountabilities are elaborated annually through a Mandate Letter signed by each member of the Board and the Minister of Jobs, Tourism and Skills Training.

Strategic Direction and Context

ITA's *2015/16 Mandate Letter*, dated January 15, 2015, directed the corporation to take the following specific strategic priority actions for 2015/16:[2]

1. Align funding for apprenticeship training investments and services to meet labour market needs and jobs in demand.
2. Demonstrate improved outcomes, including completion rates and transition to employment for Aboriginal people and under-represented groups, youth and adults.
3. Demonstrate increased industry engagement in skills training and number of employers sponsoring apprentices.
4. Develop innovative programs and policies to improve trades training across the province, including (but not limited to) new program designs, remote and mobile delivery options, and initiatives to support pan-Canadian harmonization and apprentice mobility.

The Mandate Letter further specified that ITA was to fully adopt the Taxpayer Accountability Principles. In 2015/16, ITA implemented strategies to fulfill its responsibilities under each of the Taxpayer Accountability Principles, and established an evaluation framework to measure performance against those principles.

Since 2014, ITA has undertaken a significant transformation guided by the policies and recommendations outlined in *B.C.'s Skills for Jobs Blueprint* and the *McDonald Report*. In 2014/15, a new Board of Directors worked with ITA to develop a transition plan to transform industry relations, launch an LNG Action Plan, re-align training investment, and develop new capabilities to support apprentices and employers across the province.

In 2015/16, ITA built on this foundation with strategies designed to advance both the longer-term Blueprint policies and the specific direction provided in government's Mandate Letter. Significant progress was achieved.

ITA's strategies to navigate financial and operating risks encountered over the course of the year are detailed in the Financial Report section.

[2] Please refer to Appendix B for the Crown Corporation's Mandate and Actions Summary

Report on Performance

ITA met two of the seven performance measure targets outlined in the 2015/16 Service Plan. Targets for the number of credentials issued were exceeded and have increased steadily over the last two years. Performance against the sponsor value index and credential holder's satisfaction levels missed the targets but were within the margin of error. ITA did not meet the target for the total number of registered sponsors or for alignment of ITA funding with in-demand trades.

Over the past year, ITA has taken the following actions to implement the Taxpayer Accountability Principles:

- Developed and implemented a strategic engagement plan to improve accountability and foster relationships between government and ITA
- Ensured that the Board and all ITA staff are made aware of the accountability framework and the Taxpayer Accountability Principles
- Ensured that the Board and ITA's entire staff has signed the Code of Conduct and Conflict of Interest Policy.
- Developed a draft evaluation framework to measure performance against the Taxpayer Accountability Principles.

Each of the performance measures in this annual report supports at least one aspect of the Taxpayer Accountability Principles.

Goals, Strategies, Measures and Targets

Goal 1: Demonstrate increased industry engagement in skills training and number of employers sponsoring apprentices

Strategies

In 2015/16, ITA successfully implemented each of these strategies:

- Engage industry, including Sector Advisory Groups, and incorporate input into a multi-year training plan development process
- Facilitate an Innovation Forum engaging stakeholder communities on best practices and innovative opportunities
- Develop an ITA Service Charter to set service standards and annual feedback mechanisms
- Increase outreach to potential employer sponsors

Performance Measure 1: Sponsor Value Index

The willingness of sponsors to take on apprentices – and encourage other employers to do so – is dependent on the perceived value of apprenticeships to their business. Employers must believe that their involvement in apprenticeship provides a return on investment, and that the administrative requirements are reasonable.

The Sponsor Value Index is a measure of sponsor-perceived benefits of hiring apprentices. It offers insights that can guide improvements to program delivery and training outcomes. Based on an annual survey of approximately 700 employer sponsors, it is calculated using satisfaction and importance ratings using the following four statements:

- Training/skills of apprentices aligns with company needs
- Apprentices increase profitability
- Sponsorship provides recruiting/retention advantages
- Administrative requirements of sponsorship are manageable

This performance measure supports ITA's alignment with the Taxpayer Accountability Principles of *Cost Consciousness (Efficiency)* and *Service*.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Sponsor Value Index[3]	76	77	77	79	78	80	80

Data Source: 2015/16 results based on a December 2015 survey of 1,222 sponsors.

Discussion

- The Sponsor Value Index result for 2015/16 is one percent below target but well within the margin of error (+/- 3.4 percent for current sponsors; +/- 6.7 percent for lapsed sponsors).
- Overall, the majority of sponsors remain satisfied/very satisfied with apprenticeship value in each of the measurement areas of the index.
- Sponsors were most satisfied with apprenticeship training's alignment with their company's skill needs and with the manageable administrative requirements associated with sponsorship.

Performance Measure 2: Total Registered Sponsors

The number of sponsors is an approximate indication of the availability of employers and sponsors to support the work-based training portion of the apprenticeship. Targets are aligned with the target for the number of credentials issued and the level of sponsorship participation required to support it, as well as industry hiring capacity.

[3] Score reflects weighted ratings relative to several aspects of sponsorship value

This performance measure supports ITA's alignment with the Taxpayer Accountability Principle of *Service*. Sponsors will register to support apprentices if they perceive that the trades training system provides a positive outcome for them and their organization.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Total Registered Sponsors	9,188	9,548	9,958	10,500	10,298	11,000	11,500

Data Source: ITA Direct Access information management system.[4]

Discussion

- ITA has succeeded in steadily growing the number of registered sponsors for four consecutive years, with a 3 percent increase in 2015/16 over the previous year, although this year's ambitious target of 10,500 was narrowly missed. There is an inverse relationship between the number of certifications issued, which exceeded targets, and the number of registered sponsors. This number does not take into account sponsors who have certified apprentices and are searching for additional apprentices.
- ITA credits the increase to proactive engagement strategies: outreach by the Industry Relations team and the 15 regional Apprenticeship Advisors, and promotion of sponsor recognition and programs and sponsor supports.

Goal 2: Align funding for apprenticeship training investments and services to meet labour market needs and jobs in demand

Strategies

In 2015/16, ITA made progress against each of the strategies below. The first three strategies were successfully implemented, and ITA continues to work with stakeholders and government to review its training investment funding methodology.

- Training investments are informed by labour market information prioritized toward high demand trades
- Commence multi-year training plan development process
- Implement ITA's LNG Action Plan
- Implement new Training Investment Funding Framework for adult and youth programs

Performance Measure 3: Percentage of ITA-Funded Foundation Seats in Top In-Demand Trades

Apprentices have an employer sponsor and are meeting a demand in the economy. Foundation students are being trained to fill labour market demand. Increasing funding in Foundation training

[4] The ITA Direct Access system was custom designed to meet ITA's specific customer service and performance management requirements. It is subject to clear data-entry procedures and business rules.

seats in the top in-demand trades ensures investments in the right trades in response to labour market demand.
This performance measure supports ITA's alignment with the Taxpayer Accountability Principle of *Cost Consciousness (Efficiency)*.

Performance Measure	2012/13 Baseline or Benchmark	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Percentage of ITA-Funded Foundation Seats in Top In-Demand Trades	71%	72%	72%	74%	72%	76%	78%

Data Source: BC Labour Market Scenario Model 2014-2024 (list based on high opportunity trades by job openings)

Discussion

- The 2015/16 Service Plan outlined several strategies to align training investments with labour market needs and jobs in demand. These strategies called for utilization of the best available labour market information, validated by the Sector Advisory Groups.
- Initially, this performance measure was formulated to gauge ITA's ability to align funding for Foundation seats to the top 10 in-demand trades identified through BC labour market information.[5] Ongoing discussions throughout 2015/16 with the new Sector Advisory Groups provided evidence that additional trades – of critical importance to some sectors – should also be considered 'in demand' and supported through Foundation programs.

Performance Measure 4: Number of Credentials Issued

Each credential issued verifies that an additional member of the workforce possesses the occupational skills needed to carry out a particular trade. This benefits both the individual and the employer. Credentials issued are the culmination of ITA's work. All other performance measures either influence outcomes on this measure or indicate the efficiency with which it is being achieved. Targets are set to align with projected mid-term provincial labour market requirements, while accounting for recent participation trends and typical training progression.

This performance measure supports ITA's alignment with the Taxpayer Accountability Principle of *Service*.

[5] BC Labour market Scenario Model 2014-2024 (list based on high opportunity trades by job openings).

Performance Measure	2012/13 Baseline or Benchmark	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Number of Credentials Issued[6]	8,042	7,059	7,514	7,560	7,640	7,938	8,355

Data Source: ITA Direct Access information management system.

Discussion

- The number of credentials issued increased by 1.7 percent over 2014/15, beating the target for 2015/16.
- This marks the second consecutive year of increase in the number of credentials issued, after two years of decline linked to market conditions.
- ITA credits this improvement to several additional strategies:
  - The support provided by the new Manager of Apprentice Completions and direct, on-the-ground service from the regional Apprenticeship Advisor team.
  - ITA is making better use of data to align industry training investments with industry needs to fill high-opportunity occupations.
  - Innovation in trades training is leading to improved outcomes and enabling more apprentices to achieve certification.

Goal 3: Align policies and programs to support the implementation of provincial and Pan-Canadian initiatives, including harmonization and apprentice mobility across Canada

Enabling mobility for apprentices will modernize a system that must attract more entrants from within BC or from other jurisdictions. Working with provincial and territorial partners helps ITA ensure apprentices have the option to travel to other provinces and territories and gain the training needed to complete their apprenticeship.

Strategies

In 2015/16, ITA successfully implemented each of these strategies:

- Participate in the Pan-Canadian Apprenticeship Mobility Protocol
- Participate in the Canadian Council of Directors of Apprenticeship (CCDA) Pan-Canadian Harmonization Initiative
- Participate in the New West Partnership to support labour mobility and allow apprentices to obtain technical training and work-based hours across multiple jurisdictions

[6] Targets are based on a 5 percent increase year-over-year.

- Work with Alberta to initiate joint standards for selected trades training and certification

Performance Measure 5: Mobility and Harmonization Initiatives Implemented for Apprentices

This performance measure supports ITA's alignment with the Taxpayer Accountability Principle of *Service*.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
100% Implementation of Harmonized Trades	N/A	N/A	N/A	100%	100 % of preparatory work completed*	100%	100%

*Work to harmonize Phase 1 Red Seal trades was significantly completed in 2015/16 in most jurisdictions. Implementation is scheduled to begin September 2016 as directed by the Forum of Labour Market Ministers.

Discussion

This is a new performance measure identified in the 2015/16 Service Plan. Over the past year, the Canadian Council of Directors of Apprenticeship (CCDA) has been working to identify sequencing of technical training, curriculum content, total training hours, jurisdictional trade names and definitions, applications of the national occupational analysis in training curriculum and issues specific to Mobile Crane trades. CCDA, in partnership with the participating jurisdictions, determined that additional efforts were required to complete Phase I, and the implementation target for four Red Seal trades was therefore pushed back until September 2016 and two will implemented by January 2017. ITA is on track for meeting these revised timelines and results will be reported in ITA's 2016/17 annual report.

Goal 4: Demonstrate improved outcomes including completion rates and transition to employment for youth, adults and under-represented groups

ITA is continuing to improve performance measures to track employer satisfaction with the skilled workforce emerging from BC's industry training system. ITA will also continue to improve measuring the successful progression of those choosing to pursue a career in the skilled trades through apprenticeship to certification, including high school and Foundation programs.

Strategies

In 2015/16, ITA successfully implemented each of these strategies:

- Implement refreshed Youth Strategy programs in collaboration with the Ministry of Education
- Strengthen assessment tools to ensure high quality, consistent outcomes
- Develop and implement apprentice completion strategy

- Develop and implement trades training programs for under-represented groups (Aboriginal peoples, new Canadians and women) as part of the new Canada Job Fund Agreement (Stream 3)

Performance Measure 6: Satisfaction with ITA Credentials

Credentials are ITA's primary output. Their value rests in the satisfaction that customers – both credential holders and employers – have with the product. Satisfied customers mean that an ITA 'ticket' has real value. Employers rely on it as a measure of competency and productivity, and workers covet it as a key to employability and pride.

The level of satisfaction with ITA credentials is an indicator of the how well ITA is serving its customers, meeting the needs of industry with relevant program standards, contributing to career opportunities and supporting prosperity.

These are survey-based measurements of several potential outcomes of holding a credential, including:

- Demonstrating skill sets to employers
- Competitive employment/promotion advantage
- Contribution to earning potential and employer profitability
- Ability to work across Canada or abroad

Satisfaction levels in three previous years have been largely consistent. Targets going forward are set at levels consistent with the continuous improvements achievable within an index comprised of multiple satisfaction indicators.

This performance measure supports ITA's alignment with the Taxpayer Accountability Principle of *Service*.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Employers' Satisfaction with Credentials	78%	77%	79%	79%	80%	80%	80%
Credential Holders' Satisfaction with Credentials	86%	84%	85%	86%	83%	86%	86%

Data Source: Based on a December 2015 survey of 1,288 employers and 797 credential holders.

Discussion

- Employer satisfaction increased in 2015/16, exceeding both the 2014/15 results and the target for 2015/16.

- Increased outreach and engagement with the employer community through the Apprenticeship Advisor and Industry Outreach teams is credited with building stronger relations and increasing employer knowledge about apprenticeship across the province.
- In 2015, ITA undertook a high profile approach to fostering innovation, connecting with hundreds of employers through four regional consultations and the first Skilled Trades Innovation Forum.
- The drop in credential holder satisfaction compared to last year is due to slight declines amongst credential holders who agree that certification signals their ability to meet company skill needs, increases earning potential and gives a competitive edge.

Performance Measure 7: Continuation to Apprenticeship

This measure reflects ITA's emphasis on ensuring that pre-apprenticeship programs are closely workplace-linked, that they are focused on trade-specific job-readiness, and that they provide effective pathways to apprenticeship. Targets reflect achievable and meaningful levels of continuous improvement and align with the targeted number of credentials issued over time.

This performance measure supports ITA's alignment with the Taxpayer Accountability Principle of *Service*.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Continuation from Foundation to Apprenticeship	51%	54%	57%	56%	53%	58%	60%

Data Source: ITA Direct Access information management system

Discussion

- Results in this measure were on-track to meet the target until December 2015, when a significant decline in the final quarter resulted in a year-over-year drop in number of students continuing from Foundation programs to apprenticeship. Ongoing monitoring continues to take place to assess the cyclical economic impact of the sectors that employ skilled tradespeople.

Financial Report

Discussion of Results

Revenues
Consistent with prior years, ITA's 2015/16 revenues consisted mainly of core funding of $94.4 million from the provincial government.

ITA was funded an additional $9 million through the Canada Job Fund Program (CJFP) to continue to support the engagement and training of under-represented groups in the trades. In addition, ITA was funded $1.7 million through the Labour Market Partnership Agreement to deliver on strategic projects focused on aligning skilled trades training with labour market demand, a key activity outlined in ITA's 2015/2016 Mandate Letter.

ITA generated approximately $1 million through assessments, investment income and royalties – revenues that fund the production of learning resources, and the management of challenge assessments.

Expenditures
Expenditures in 2015/16 reflect strategic direction provided in the Mandate Letter and commitments outlined in the Service Plan: ITA continued to focus on aligning training funding with labour market needs, industry engagement, youth engagement, accessibility of training to under-represented groups, and added a new focus on aligning policies and programs to support the Pan-Canadian apprentice harmonization and mobility initiatives.

Fiscal 2015/2016 was the first year of full operations after the transition of services from the Industry Training Organizations (ITOs) to ITA. This is reflected in the comparison of expenses to prior year, specifically an increase in Customer Support as ITA increased its footprint across the province with the addition of Apprentice Advisors; and in business support as ITA increased its office space to allow for additional staff in the Program Standards, Industry Engagement and Customer Service branches. ITA was able to make the transition within its core operating budget by deriving efficiencies from insourcing the programs previously offered by the ITOs. ITA is committed to investing more than 80 percent of its financial resources in training, and realigning the remaining 20 percent to best deliver on its mandate and to achieve the outcomes articulated in the Mandate Letter.

During Fiscal 2015/16, ITA received additional funding from the Canada Job Fund for continued support and training of under-represented groups in the trades. This funding is reflected in the increased revenues, as well as in increased expenditures in Training Investment. ITA also received additional funding of $1.7 million in the Labour Market Partnership Agreement, which funded various projects directed towards aligning skilled trades training with labour market demand.

During 2015/16, several budget pressures had to be managed: new Pan-Canadian harmonization and apprentice mobility initiatives; additional communications support for the Canada Job Fund and youth initiatives; and additional amortization as a result of investment in the new digital platform. Throughout the year, ITA managed its resources to fund all these new initiatives.

2015/2016 Surplus

Effective surplus and expense management strategies resulted in a surplus of $425 thousand, less than one percent of total budgeted expenses.

As a Crown agency, ITA is precluded from incurring debt, and annual operating surpluses are transferred to accumulated surplus, which is restricted to expenditures for capital assets.

ITA had no capital projects greater than $50 million in 2015/16.

In Fiscal 2015/16, a total of $1.8 million was directed towards capital expenditures: $1.5 million was used in the development of a new digital platform designed to increase industry, apprentice and youth engagement, improve customer service, and provide ITA with business intelligence to better align training investment with market demand. Another $300,000 was directed to regular infrastructure requirements.

Financial Resource Summary Table

$ Millions	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Budget	2015/16 Actual	2015/16 Variance to Budget	2015/16 Variance to Prior Year
FUNDING AND REVENUES									
Ministry - General funding	94.444	94.444	94.444	94.444	94.444	94.444	94.444	-	-
Ministry - Other Funding & Grants	17.152	12.553	13.979	14.842	9.204		9.247	9.247	0.043
Federal Funding	0.634	0.192	0.098	0.009	0.007		1.857	1.857	1.850
Other Revenue	1.036	1.100	1.208	1.329	1.452	1.346	1.512	0.166	0.060
Total Funding & Revenues	**113.266**	**108.289**	**109.729**	**110.624**	**105.107**	**95.790**	**107.060**	**11.270**	**1.953**
EXPENDITURES									
Engage Indsutry	3.621	3.382	1.662	2.828	1.547	1.016	1.623	0.607	0.076
Define Standards	3.091	3.744	4.028	3.090	2.161	1.826	1.672	- 0.154	- 0.489
Deliver Assessments and certification	1.838	1.056	0.968	2.014	2.117	2.824	2.143	- 0.681	0.026
Invest in Training pathways	93.049	87.286	91.304	93.066	87.655	79.080	88.276	9.196	0.621
Customer Support	1.499	1.439	1.445	1.157	2.315	3.135	3.063	- 0.072	0.748
Communicate	0.551	1.042	1.375	1.596	2.619	0.776	2.690	1.914	0.071
Business Support	6.247	5.337	5.371	5.621	6.502	7.133	7.168	0.035	0.666
Total expenditures	**109.896**	**103.286**	**106.153**	**109.372**	**104.916**	**95.790**	**106.635**	**10.845**	**1.719**
Net Income	3.370	5.003	3.576	1.252	0.191	-	0.425	0.425	0.234

* 2011-2016 was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP - PSAB).

Audited Financial Statements

Financial Statements of Industry Training Authority
for the year ended March 31, 2016

Industry Training Authority
Management's Report
for the year ended March 31, 2016

Management's Report

Management's Responsibility for the Financial Statements

THE FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT IN ACCORDANCE WITH CANADIAN PUBLIC SECTOR ACCOUNTING STANDARDS AND THE INTEGRITY AND OBJECTIVITY OF THESE STATEMENTS ARE MANAGEMENT'S RESPONSIBILITY.

Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements at every meeting and external audited financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Industry Training Authority and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Industry Training Authority

Gary Herman

Gary Herman
Chief Executive Officer
May 09, 2016

Famaz Riahi CPA,CA
Chief Financial Officer

1

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Industry Training Authority

We have audited the accompanying financial statements of the Industry Training Authority, which comprise the Statement of Financial Position as at March 31, 2016 and the Statement of Operations and Changes in Accumulated Surplus, Changes in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of Industry Training Authority as at March 31, 2016 and its results of operations, changes in net financial assets, and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 9, 2016

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Industry Training Authority
Statement of Financial Position
As at March 31, 2016
in thousands of dollars

	Note	March 31, 2016	March 31, 2015
Financial Assets			
Cash		17,808	18,759
Accounts receivable		94	33
Due from government/other government organizations	5	4,437	2,386
		22,339	21,178
Liabilities			
Accounts payable and accrued liabilities	4	2,212	2,815
Due to government/other government organizations	6	3,192	2,342
Deferred revenue	7	1,036	408
		6,440	5,565
Net financial assets		15,899	15,613
Non-financial assets			
Tangible capital assets	9	6,404	5,958
Prepaid expenses		527	834
		6,931	6,792
Accumulated surplus		**22,830**	**22,405**
Contractual obligations	10		

The accompanying notes are an integral part of these financial statements.

Approved on Behalf of the Board:

Gwyn Morgan, Board Chair

MJ Whitemarsh, Audit Committee Chair

3

Industry Training Authority
Statement of Operations and Changes in Accumulated Surplus
For the Year ended March 31, 2016
in thousands of dollars

	Note	Budget (Note 13)	March 31, 2016	March 31, 2015
Revenues				
Provincial general funding		94,444	94,444	94,444
Provincial grants and other		-	11,104	9,204
Federal funding received			-	7
Operating		350	441	470
Fees		400	506	477
Investment income		478	355	452
Other		118	210	53
		95,790	107,060	105,107
Expenses	*11*			
Engage industry (non standards work)		1,016	1,623	1,547
Define standards		1,826	1,672	2,161
Deliver assessments and certification		2,824	2,143	2,117
Invest in training pathways		79,080	88,276	87,655
Customer support		3,135	3,063	2,315
Communicate		776	2,690	2,619
Business support		7,133	7,168	6,502
		95,790	106,635	104,916
Annual surplus		-	425	191
Accumulated surplus at the beginning of the year			22,405	22,214
Accumulated surplus at end of year			22,830	22,405

The accompanying notes are an integral part of these financial statements.

4

Industry Training Authority
Statement of Changes in Net Financial Assets
For the Year ended March 31, 2016
in thousands of dollars

	Budget (Note 13)	March 31, 2016	March 31, 2015
Annual operating surplus	-	425	191
Acquisition of tangible capital assets	(1,600)	(1,763)	(2,875)
Amortization of tangible capital assets	1,150	1,314	844
Write-downs on tangible capital assets	-	3	
	(450)	(446)	(2,031)
Consumption (acquisition) of prepaid expense, net	-	307	(131)
Increase (decrease) in net financial assets	(450)	286	(1,971)
Net financial assets at beginning of year	15,613	15,613	17,584
Net financial assets at end of year	**15,163**	**15,899**	**15,613**

The accompanying notes are an integral part of these financial statements.

5

Industry Training Authority
Statement of Cash Flows
For the Year ended March 31, 2016
in thousands of dollars

	March 31, 2016	March 31, 2015
Operating transactions		
Annual surplus	425	191
Non-cash items included in annual surplus increase/(decrease):		
Amortization	1,314	844
Write-downs on tangible capital assets	3	-
Change in prepaid expenses	307	(131)
Change in receivables	(2,112)	2,061
Change in payables and accrued liabilities	247	842
Change in deferred revenue	628	14
Cash provided by operating transactions	812	3,821
Capital transactions		
Cash used to acquire tangible capital assets	(1,763)	(2,875)
Cash applied to capital transactions	(1,763)	(2,875)
Increase/(decrease) in cash during the year	(951)	946
Cash at beginning of year	18,759	17,813
Cash at end of year	**17,808**	**18,759**

The accompanying notes are an integral part of these financial statements.

6

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016

1. Nature of Operations

Industry Training Authority (ITA) is a Crown agency established on January 2, 2004 and operates under the authority of the *Industry Training Authority Act*. ITA reports to the Legislative Assembly through the Ministry of Jobs, Tourism and Skills Training. The mandate of the ITA is to oversee occupational standards, credentialing, and apprenticeship for skilled trades and occupations in demand by industry and the BC labour market. It serves the public interest ensuring industry standards and credentials are in place for skilled trades and occupations, while providing individuals with accessible technical apprenticeship training opportunities that are closely linked to workplace opportunities. These services are grouped into the following key areas: standards, industry engagement, credential awareness, assessment and certification, training delivery and labour supply initiatives.

On April 29, 2014 the Province announced it was accepting all recommendations made by Independent Review Lead Jessica L. McDonald in her report: *The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance*. While ITA's current role was re-confirmed, implementation of the report's recommendations will have an impact on the operations of ITA. To March 31, 2016, ITA has implemented 23 of the 29 recommendations.

ITA is exempt from income taxes under the *Income Tax Act*.

2. Summary of Significant Accounting Policies

a. Basis of accounting

The financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

b. Tangible capital assets

Tangible capital assets are recorded at cost, which included amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of assets.

The cost, less residual value, of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years
Computer hardware and software	3-10 years
Leasehold improvements	Until the end of the lease term

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

2. Summary of Significant Accounting Policies – continued

b. Tangible capital assets - continued

Amortization is charged from the date the asset is put into use until it is taken out of use. Assets under construction are not amortized until the asset is put into productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to ITA's ability to provide credentials and services. The net write-downs are accounted for as expense in the statement of operations.
Transfers of capital assets from related parties are recorded at carrying value. ITA has recorded additions relating to computer software for apprenticeship records at carrying value.

c. Employee future benefits

i. The employees of ITA belong to the Public Service Pension Plan, which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding.

The joint trustee board of the plan determines the required plan contributions annually.

The contribution of ITA to the plan is recorded as an expense for the year.

ii. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for the coverage of employees during the period.

d. Prepaid expenses

Prepaid expenses include payments to private trainers for classes spanning the fiscal year end as well as other operational expenses and are charged to expense over the periods expected to benefit from the prepaid.

e. Revenue recognition

Revenues are recognized in the period when the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and are taken into revenue in the statement of operations as the stipulation liabilities are settled.

8

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

2. Summary of Significant Accounting Policies – continued

e. Revenue recognition - continued

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue in the period when they are used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

g. Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions.

Monetary assets and liabilities denominated in a foreign currency are translated at the rate of exchange in effect at the reporting date. Revenues and expenses are translated at the rate prevailing at the transaction date. Foreign currency translation gains and losses are included in profit or loss in the period in which they arise.

h. Financial instruments

The fair value of a financial instrument is the estimated amount that ITA would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, accounts receivable, due from government/other government organizations, accounts payable and accrued liabilities, due to government/other government organizations approximate their carrying values given their short-term maturities.

i. Measurement uncertainty

The preparation of financial statements is in conformity with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include: collectability of accounts receivable and due from government/other government organizations, the useful life of tangible capital assets and rates for amortization.

9

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

2. Summary of Significant Accounting Policies – continued

i. Measurement uncertainty - continued

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Due from Government and Other Government Organizations

	(in $ thousands)	
	Mar 31, 2016	**Mar 31, 2015**
Provincial government	4,353	2,211
Federal government	83	175
Other government organizations	1	-
	4,437	**2,386**

4. Accounts Payable and Accrued Liabilities

	(in $ thousands)	
	Mar 31, 2016	**Mar 31, 2015**
Accounts payable and accrued liabilities	2,080	2,681
Salaries and benefits payable	-	11
Accrued vacation pay	132	123
	2,212	**2,815**

5. Employee Future Benefits

ITA and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pensions Act*. BC Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

Information about obligations for retirement benefits and other employee future benefits is as follows:

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

5. Employee Future Benefits - continued

a. Retirement and other employee future benefits – pension plan

ITA and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pensions Act. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 9.43% (2015: 9.43%). ITA's maximum contribution rate is 10.93% (2015: 10.93%). During the year ended March 31, 2016, ITA contributed $664 (2015: $526) to the plan. These contributions are ITA's pension benefit expense. No pension liability for this type of plan is included in the financial statements. An actuarial valuation is conducted every three years to assess the financial position of the Public Service Pension Plan's (PSPP's) pension fund. The latest actuarial valuation as at March 31, 2014 indicated a funding surplus of $392,000 for basic pension benefits on a going concern basis. The actuary does not attribute portions of the unfunded liability to individual employers. The next valuation will be as at March 31, 2017, with results available in early 2018.

b. Long-term disability life insurance and health care benefits

ITA provides life insurance, dental and health care benefits to employees on long-term disability leave for a period of two years after the date of disability. The insurance carrier waives the life insurance premium for employees on long-term disability; however, ITA is responsible for the payment of the premium costs of medical, dental and Medical Services Plan under this plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured through employee paid contributions and are not included in this plan.

6. Due to Government and Other Government Organizations

	(in $ thousands)	
	Mar 31, 2016	**Mar 31, 2015**
Federal government	1	1
Provincial government	577	361
Other government organizaitons	2,614	1,980
	3,192	**2,342**

ITA's liabilities to government and other government organizations are all amounts payable that are due within 30 days. Other government organizations includes: colleges, universities and school districts.

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

7. Deferred Revenue

	(in $ thousands)			
	Balance Apr 1, 2015	**Receipts**	**Transferred to revenue**	**Balance Mar 31, 2016**
Tenant inducement Richmond Office	341	814	(119)	1,036
Province - trades sector alignment	67	-	(67)	-
	408	**814**	**(186)**	**1,036**

ITA received $530 and $814 in tenant inducements for leasehold improvements to the Richmond office in fiscal 2012 and 2016 respectively. This revenue is being deferred and recognized over the term of the lease.

8. Fiscal Risk Management

a. Financial management risk objectives and policies
In the normal course of operations, ITA is exposed to financial risks that have the potential to negatively impact its financial performance. These risks may include credit risk and liquidity risk.

b. Credit risk
Credit risk is the risk that the ITA's counterparties will fail to meet their financial obligations to the ITA, causing a potential financial loss.

Accounts receivable primarily consists of amounts due from other governments; therefore, collection risk is low. ITA does not consider its exposure to credit risk to be material.

c. Liquidity risk
Liquidity risk is the risk that the ITA may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost effective manner to meet its commitments as they come due.

ITA has in place a planning, budgeting and forecasting process to determine the funds required to support the ITA's normal operating requirements. ITA's annual budgets are approved by the Board of Directors.

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

9. Tangible Capital Assets

2016 (in $ thousands)

	Furniture and equipment	Computer hardware and software	Leasehold improvements	Mar 31, 2016 Total
Cost				
Opening balance	1,318	7,929	1,769	11,016
Additions	48	1,704	11	1,763
Disposals	-	(4)	-	(4)
Closing Balance	**1,366**	**9,629**	**1,780**	**12,775**
Accumulated Amortization				
Opening balance	521	4,313	224	5,058
Additions	284	852	178	1,314
Disposals	-	(1)	-	(1)
Closing Balance	**805**	**5,164**	**402**	**6,371**
Net book value	**561**	**4,465**	**1,378**	**6,404**

2015 (in $ thousands)

	Furniture and equipment	Computer hardware and software	Leasehold improvements	Mar 31, 2015 Total
Cost				
Opening balance	528	7,009	604	8,141
Additions	790	920	1,165	2,875
Disposals	-	-	-	-
Closing Balance	**1,318**	**7,929**	**1,769**	**11,016**
Accumulated Amortization				
Opening balance	429	3,631	154	4,214
Additions	92	682	70	844
Disposals	-	-	-	-
Closing Balance	**521**	**4,313**	**224**	**5,058**
Net book value	**797**	**3,616**	**1,545**	**5,958**

13

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

10.Contractual Obligations

ITA has entered into a number of multiple-year contracts for operating leases for premises. The lease commitments are for space costs and exclude operating costs. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	(in $ thousands)					
Contractual obligations	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019	Mar 31, 2020	Mar 31, 2021	There-after
Office Leases	463	430	423	434	436	1682

11.Expenses by Object

The following is a summary of expenses by object:

	($ in thousands)	
	Mar 31, 2016	Mar 31, 2015
Training provider services (including Youth)	78,286	78,354
CJF-ESS contractor services (Aboriginal, Immigrant and Women)	9,019	8,752
Compensation and staff development	8,762	7,242
Communications, website and brand awareness	2,301	2,067
Other operating costs	3,505	2,295
ITO-delivered services	-	1,960
Information systems / telecommunications	1,738	1,526
Other administrative costs	834	1,311
Amortization	1,314	844
Building occupancy	874	565
Loss on disposal/writeoff	2	-
	106,635	**104,916**

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2016 - continued

12. Related Party Transactions

ITA has the following transactions with the government and other government controlled organizations.

	(in $ thousands)	
	Mar 31, 2016	**Mar 31, 2015**
Ministry of Jobs, Tourism and Skills Training and Minister Responsible for Labour		
- core funding	94,444	94,444
- projects CJF-ESS/LMA	11,104	9,204
Ministry of Technology, Innovation & Citizens' Services	441	470
	105,989	**104,118**
Transfers to:		
Post secondary institutions	69,107	70,245
School districts	4,571	4,385
Ministry of Technology, Innovation & Citizens' Services	651	670
Ministry of Education	655	627
Pension Service Pension Plan	664	526
BC Stats	19	19
Ministry of Health	119	86
Ministry of Jobs, Tourism and Skills Training and Minister Responsible for Labo	11	11
Ministry of Transportation and Infrastructure	141	-
	75,938	**76,569**

13. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been approved by the Board of Directors. These budgeted figures were included in ITA's 2015/16 Service Plan.

15

Appendix A: Subsidiaries and Operating Segments

Not applicable.

Appendix B: Additional Information

Corporate Governance

All information pertaining to the Board governance on ITA's website meets the requirements outlined by the Board Resourcing and Development Office's board governance disclosure requirements. For more information on corporate governance, please visit our website at: http://www.itabc.ca/leadership/governance-ita.

Additional information can be found at:

- ITA Organizational Overview
- ITA 2015/16 Mandate Letter
- Taxpayer Accountability Principles
- Glossary of Terms
- *The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance*, Jessica McDonald, 2014
- *B.C.'s Skills for Jobs Blueprint*

Appendix C: Crown Corporations Mandate and Actions Summary

In the 2015/16 Mandate Letter from the minister responsible[7], the Industry Training Authority received direction on strategic priorities for the 2015/16 fiscal year. These priorities and ITA's resulting actions are summarized below:

Mandate Letter Direction	Crown Corporation's Action
1. Align funding for apprenticeship training investments and services to meet labour market needs and jobs in demand.	• Initiated work with the 11 newly created Sector Advisory Groups and government to review training investment funding methodology. • Launched Labour Market Demand Fund to support skills development in high priority trades. • Launched the Enhanced Construction Craft Worker program in response to specific demand for this trade in the LNG and construction sectors. • Overall, ITA's training investment is now aligned to the most in-demand trades; 72 percent of funding for Foundation programs is directed to the top in-demand trades. • ITA took parallel actions to support training investments in top demand trades through the launch of an advertising campaign, profiling opportunities in these trades with both sponsors and apprentices.
2. Demonstrate improved outcomes, including completion rates and transition to employment for Aboriginal people and under-represented groups, youth and adults.	• Undertook internal work to improve overall customer service outcomes improvements in ITA's digital capabilities. These measures are intended to: o Improve ITA's customer service and performance management capabilities o Enhance Key Performance Indicator (KPI) framework o Initiate Customer Relationship Management (CRM) system • Undertook specific support activities for target groups including: o Initiation of the Aboriginal skills training strategy o Launch of the refreshed youth programs initiative o Transition from Labour Market Agreements to the Canada Job Fund for under-represented groups

[7] The Honourable Shirley Bond, Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour

3. Demonstrate increased industry engagement in skills training and number of employers sponsoring apprentices.	• Initiated development of an industry engagement framework aimed at strengthening ITA's relationship with industry to generate a more industry-led apprenticeship training system. This framework, combined with an improved Customer Relationship Management capability, allows ITA to participate more fully in an industry engagement strategy. • Worked with 11 newly established Sector Advisory Groups to review Labour Market Information (LMI), training investment strategies and sector specific issues. • Hosted the third annual *Partners in Trades Conference* engaging Aboriginal communities, industry and labour unions. More than 150 participants connected around discussions of best practices, cross-cultural awareness and partnership development. A Memorandum of Understanding was developed, committing Aboriginal employment organizations and building trades unions to work together to support Aboriginal people in entering, exploring and succeeding in the skilled trades. • Launched employer engagement pilot partnership with Kamloops Chamber of Commerce.
4. Develop innovative programs and policies to improve trades training across the province, including (but not limited to) new program designs, remote and mobile delivery options, and initiatives to support Pan-Canadian harmonization and apprentice mobility.	• Collaborated with JTST to develop an inventory of innovative trades training practices. • Hosted four regional Innovation Consultations. • Held first Skilled Trades Innovation Forum. • Implemented the new Hairstylist Red Seal certification increasing the labour mobility for apprentices and improving the quality of the certification process. • Participated in the Pan-Canadian Apprenticeship Mobility Protocol. • Participated in the Canadian Council of Directors of Apprenticeship Pan-Canadian Harmonization Initiative. • Participated in the New West Partnership to support labour mobility and allow apprentices to obtain technical training and work-based hours across multiple jurisdictions. • Worked with Alberta to initiate joint standards for selected trades training and certification.